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Agency Name Public Service Commission	1. Chapter Number 103	2. Date of Filing February 25, 2011
3. Regulation Number 103-331 103-336	4. Subject of Regulation Customer Deposits and Deposit Retention	

5. Statutory Authority

S.C. Code Ann. Section 58-3-140

6. Type of Filing

☐ NOTICE OF GENERAL PUBLIC INTEREST☐ NOTICE OF DRAFTING☐ PROPOSED REGULATION☐ EMERGENCY REGULATION☐ FINAL REGULATION FOR GENERAL ASSEMBLY REVIEW☒ RESUBMISSION OF WITHDRAWN REGULATION FOR GENERAL ASSEMBLY REVIEW☐ FINAL REGULATION EXEMPT FROM GENERAL ASSEMBLY REVIEW

COPY

Posted: LODDept: SA-10K25Date: 2/25/11Time: 4:20

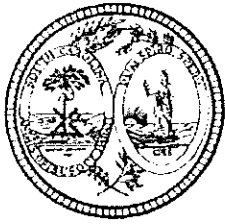
5. For Additional Information, Contact Jocelyn G. Boyd		6. Telephone Number 803-896-5114
7. Typed Name of Official Jocelyn G. Boyd	8. Signature of Official <i>Jocelyn G. Boyd</i>	9. Date February 25, 2011

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FEB 25 2011

PSC SC
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The Public Service Commission State of South Carolina

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Swain E. Whitfield, At-Large

Jocelyn G. Boyd
Chief Clerk/Administrator
Phone: (803) 896-5133
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Clerk's Office
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February 25, 2011

The Honorable Ken Ard
President of the Senate
State House, 1st Floor
East Wing
P.O. Box 142
Columbia, South Carolina 29202

Dear Lieutenant Governor Ard:

The South Carolina Public Service Commission is respectfully resubmitting Document No. 4137 relating to customer deposits and deposit retention for legislative review. Inquiries regarding these regulations should be addressed to Jocelyn Boyd or David Butler at (803) 896-5100.

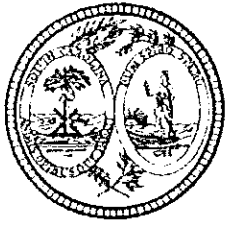
Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jocelyn G. Boyd". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jocelyn G. Boyd
Chief Clerk/Administrator

Enclosure



The Public Service Commission State of South Carolina

Jocelyn G. Boyd
Chief Clerk/Administrator
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Clerk's Office
Phone: (803) 896-5100
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February 25, 2011

The Honorable Robert William Harrell
Speaker of the House of Representatives
506 Blatt Building
Columbia, South Carolina 29211

Dear Mr. Speaker:

The South Carolina Public Service Commission is respectfully resubmitting Document No. 4137 relating to customer deposits and deposit retention for legislative review. Inquiries regarding these regulations should be addressed to Jocelyn Boyd or David Butler at (803) 896-5100.

Thank you for your attention to this matter.

Sincerely,

Jocelyn G. Boyd
Chief Clerk/Administrator

Enclosure

To initiate General Assembly review the following verification must be signed
and returned to the Clerk of the State Register

VERIFICATION

This certifies that I have reviewed the text of this document and determined
that, with the stricken text deleted and the new text incorporated, the text
reads as the agency intends it to read.

2/25/11
Date

Jocelyn Boyd
Reviewing Officer

Resubmitted: February 25, 2011

Document No. 4137
PUBLIC SERVICE COMMISSION
CHAPTER 103
Statutory Authority: 1976 Code Section 58-3-140

103-331. Customer Deposits.
103-336. Deposit Retention.

Synopsis:

The Public Service Commission of South Carolina (Commission) is amending Regulation 103-331 (Customer Deposits) to allow an electrical utility to require a deposit from a non-residential customer when such customer or its parent company is experiencing financial difficulties. Also, Regulation 103-331 is amended to make certain grammatical changes.

Regulation 103-336 (Deposit Retention) is amended to create Sections A and B. Further, this Regulation is amended to state an electrical utility is not required to refund a deposit if a non-residential customer or its parent company is experiencing financial difficulties.

References to "thirty-day arrears" in Regulations 103-331 and 103-336 have not been deleted and are retained in the Regulations contained within this document.

During a hearing conducted before the Commission regarding the partial waiver of Regulations 103-331 and 103-336, a utility employee witness testified that although a non-residential customer may be paying its electric bill on a regular basis, its financial condition with other customers or suppliers may be rapidly deteriorating and bankruptcy may be imminent. For these type customers, no charges for electric service are made until after the electricity already has been used, and the customer continues to use electricity until or after that bill becomes past due. The utility companies therefore expressed, and the Commission approved, a need for the ability to request a deposit from such non-delinquent non-residential customers, or for similar relief, and to retain the deposit longer than the two-year period provided for in Regulation 103-336, if necessary. Also, utility internal credit risk rating criteria to determine a non-residential customer's credit worthiness and to assess whether a customer should pay a deposit helps the utility avoid losses and subsequent write-offs to uncollectible accounts. In Order No. 2009-770, the Commission found that "providing the State's utilities with the tools to secure customer accounts when a customer is in financial distress benefits the utilities' general body of ratepayers."

The Notice of Drafting regarding these regulations was published on May 28, 2010, in the *State Register*.

Instructions: Print the regulations in accordance with directions given to reflect new amended regulations.

103-331. Customer Deposits. Print the regulation as below outlined.

103-336. Deposit Retention. Print the regulation as below outlined.

Text:

103-331. Customer Deposits.

A. Each electrical utility may require from any customer or from any prospective customer, a deposit intended to guarantee payment of bills for service, if any of the following conditions exist:

1. The customer's past payment record to an electrical utility shows delinquent payment practice, i.e., customer has had two consecutive thirty-day arrears, or more than two non-consecutive thirty-day arrears in the past twenty-four months, or

2. A new customer cannot demonstrate that he is a satisfactory credit risk by appropriate means including, but not limited to, a letter of good credit from an electrical utility, references which may be quickly and inexpensively checked by the Company or cannot furnish an acceptable cosigner or guarantor on the same system within the State of South Carolina to guarantee payment up to the amount of the maximum deposit, or

3. A customer has no deposit and presently is delinquent in payments, i.e., has had two consecutive thirty-day arrears, or more than two non-consecutive thirty-day arrears in the past twenty-four months, or

4. A customer has had his service terminated for non-payment or fraudulent use, or

5. A non-residential customer or its parent company is experiencing financial difficulties as determined by an electrical utility using its respective internal credit risk rating criteria (even if the customer has not yet defaulted or caused a default on a payment obligation to the utility) and has not negotiated an alternative payment plan designed to mitigate the utility's risk of loss. The electrical utility may use a variety of security options other than the payment of a two-month cash deposit, including but not limited to accelerated payment plans, surety bonds, bank letters of credit or some combination of the above. All electrical utilities engaging in negotiated payment solutions must provide a copy of their respective internal credit risk rating criteria upon request by the Office of Regulatory Staff.

B. If the electrical utility elects to require a deposit under Subsection (A)(5) of this Rule, then the electrical utility shall inform the affected customer of the provisions of this Rule.

103-336. Deposit Retention.

A. Deposit shall be refunded completely with interest after two years unless the customer has had two consecutive thirty-day arrears, or more than two non-consecutive thirty-day arrears, in the past twenty-four months.

B. An electrical utility shall not be required to refund the deposit if a non-residential customer or its parent company is experiencing financial difficulties as determined by an electrical utility using its respective internal credit risk rating criteria and/or if bankruptcy may be imminent, even though the customer continues to make billed payments in timely manner.

Fiscal Impact Statement:

There will be no increased costs to the State or its political subdivisions.

Statement of Rationale:

The purpose of amending Regulations 103-331 and 103-336 is to allow an electrical utility to require a non-residential customer to post a deposit and to retain such deposit for longer than two years when this customer is experiencing financial difficulty. An electrical utility's loss is mitigated with this amended provision. References to "thirty-day arrears" have been retained in these two regulations. There was no scientific or technical basis relied upon in the development of these regulations.

To initiate General Assembly review the following verification must be signed and returned to the Clerk of the State Register

VERIFICATION

This certifies that I have reviewed the text of this document and determined that it conforms to the text submitted by this agency to the Clerk of the State Register.

2/25/11
Date

Jocely Boyd
Reviewing Officer

Resubmitted: February 25, 2011

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CHAPTER 103
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References to "thirty-day arrears" in Regulations 103-331 and 103-336 have not been deleted and are retained in the Regulations contained within this document.

During a hearing conducted before the Commission regarding the partial waiver of Regulations 103-331 and 103-336, a utility employee witness testified that although a non-residential customer may be paying its electric bill on a regular basis, its financial condition with other customers or suppliers may be rapidly deteriorating and bankruptcy may be imminent. For these type customers, no charges for electric service are made until after the electricity already has been used, and the customer continues to use electricity until or after that bill becomes past due. The utility companies therefore expressed, and the Commission approved, a need for the ability to request a deposit from such non-delinquent non-residential customers, or for similar relief, and to retain the deposit longer than the two-year period provided for in Regulation 103-336, if necessary. Also, utility internal credit risk rating criteria to determine a non-residential customer's credit worthiness and to assess whether a customer should pay a deposit helps the utility avoid losses and subsequent write-offs to uncollectible accounts. In Order No. 2009-770, the Commission found that "providing the State's utilities with the tools to secure customer accounts when a customer is in financial distress benefits the utilities' general body of ratepayers."

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3. A customer has no deposit and presently is delinquent in payments, i.e., has had two consecutive thirty-day arrears, or more than two non-consecutive thirty-day arrears in the past twenty-four months, or

4. A customer has had his service terminated for non-payment or fraudulent use-, or

5. A non-residential customer or its parent company is experiencing financial difficulties as determined by an electrical utility using its respective internal credit risk rating criteria (even if the customer has not yet defaulted or caused a default on a payment obligation to the utility) and has not negotiated an alternative payment plan designed to mitigate the utility's risk of loss. The electrical utility may use a variety of security options other than the payment of a two-month cash deposit, including but not limited to accelerated payment plans, surety bonds, bank letters of credit or some combination of the above. All electrical utilities engaging in negotiated payment solutions must provide a copy of their respective internal credit risk rating criteria upon request by the Office of Regulatory Staff.

~~B. Each electrical utility shall inform each prospective customer of the provisions contained in this rule.~~

B. If the electrical utility elects to require a deposit under Subsection (A)(5) of this Rule, then the electrical utility shall inform the affected customer of the provisions of this Rule.

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Fiscal Impact Statement:

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Statement of Rationale:

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